Interview with John Leddy

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR JOHN LEDDY

Interviewed by: Willis C. Armstrong

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Q: This is an interview with the Honorable John Leddy, who was a senior assistant to the under secretary of state for economic affairs in the late 1950s, then went with Mr. Dillon to the Treasury when Mr. Dillon become Secretary of the Treasury. John served there for a couple of years as Assistant Secretary of the Treasury. He later went on to be ambassador to the OECD in Paris and subsequently came back to be assistant secretary of state for European affairs.

John, I have looked over briefly some material you have given me which is an interview with you by Francois Duchesne in connection with the formation and construction of the OECD and I am going to have the pleasure of reading that. We will keep a copy for the oral history program, but it will be restricted for circulation on permission by you or by Duchesne. I hope that is agreeable by you?

LEDDY: Yes, that is fine.

Q: Therefore what I would like to ask you to talk about are the things that do not relate to that particular period and range of activities, but that relate to your work in the State

Department with Mr. Dillon and in the Treasury with Mr. Dillon and later in the OECD and in the State Department as assistant secretary for European affairs. Is that ok?

Q: Start any place you want to.

LEDDY: I think the best place to start is at the beginning, omitting the OECD part which is covered by the Duchesne paper and simply one episode in a long, five year association with Douglas Dillon. Dillon rather inherited me as a special assistant and we got along very well from our first meeting in 1957, when he left his post as ambassador to become the Deputy Under Secretary of State for Economic Affairs and later Under Secretary of State. Our first big international conference together was a 1957 conference at Buenos Aires, an economic conference. This was an eye- opener to Dillon. We had previously pursued a policy towards Latin America and towards developing countries in general under the first Eisenhower administration which was a very rigid, highly restricted, very negative foreign economic policy. With the second Eisenhower administration, Mr. Dillon succeeded Herbert Hoover, Jr. in the State Department as Under Secretary of State for Economic Affairs and Robert Anderson succeeded George Humphrey as Secretary of the Treasury.

Under the first Eisenhower administration, as I said, the attitude was very negative and the economic conference in Buenos Aires illustrated that. There was great hostility to the United States on the part of the Latin Americans because of certain of our policies. For example, under the U.S. policy prevailing before Dillon's arrival no American official was permitted to attend, even as an observer, any international meeting in which the subject of commodity policy was to be discussed. There were several economic policies of that restrictive sort in the first Eisenhower administration.

Q: I guess that comes from the fact that I was the spokesman for Mr. Hoover in a previous economic conference where I was handling commodities. They did not like me at all, but I was following my instructions.

LEDDY: They laid down the law thereafter you could not even go as observers. Any rate Dillon, and Anderson too, but Dillon was the lead man in all this, decided that we had to change our policy radically towards the developing countries, and especially because he was very conscious of the communist problem and the danger of the spread of communism in Latin America and elsewhere and that this negative attitude on the part of the United States made no sense. There was no reason why we should not participate in study groups on commodities, for example. That did not mean that we had to have commodity agreements. Anyway he immediately made American economic policy more flexible and broadened its scope. Among other things he obtained authority through an executive order, drafted, I believe, by his administrative assistant Graham Martin (who was incidentally our last Ambassador to Vietnam), which enabled Dillon to have more or less control over all foreign economic policy except that which is reserved to the Secretary of the Treasury and is enshrined in the Bretton Woods legislation establishing the National Advisory Council. The Buenos Aires Conference was the beginning of a close friendship between Dillon and me and I traveled with him when he was in the State Department to a large number of international meetings. For example when he proposed setting up the Social Progress Trust Fund in Bogota. Later he proposed the Inter-American Development Bank which had been very much desired by the Latin Americans, primarily by President Kubitschek of Brazil. He was responsible for a number of initiatives, including the evolution of the U.S. Development Loan Fund. I also attended with him the meetings of the World Bank and the International Monetary Fund (he was a governor of the Bank). These jobs were sort of split between Treasury and the State Department. This was an extremely exciting period and Dillon accomplished a great deal in turning around the policy of the United States in a very short time.

When he left for Treasury and became the Secretary of Treasury under Kennedy he asked me to join him as Assistant Secretary for International Financial Affairs. He also brought in as Under Secretary for Monetary Affairs Robert Roosa who was previously the head of the Federal Reserve Bank of New York. Bob and I worked together extremely well. I would

say the first job that I was personally involved in at Treasury was in helping to prepare the President's message to the Congress on the balance of payments of the United States. It is very funny, looking back on it now, but at that time we had what was called a deficit in our overall international payments amounting to only about 4.3 billion, a tiny amount compared with today's figures of over $100 billion in the current account alone. Our overall deficit suddenly appeared between the years 1957-59 and was primarily a consequence of the convertibility of European currencies and the flow of short term capital.

Q: And it scared us!

LEDDY: It scared everybody to death. The President had to send a message to Congress (I believe in February of 1961). Anyway, he had to send a message reassuring people that while this was something to be concerned about it did not mean the U. S. was going broke. Our assets worldwide were vastly in excess of this, relatively tiny, deficit. It was not a serious problem at that point. It did not become a serious problem until later on with the onset of the Vietnam War and the serious inflation which we permitted at that time by our failure to raise taxes to match our increased military expenditures. It was a clearly transitory problem in 1961-62. Anyway I participated in that work and we had a large number of people including Ken Galbraith (who was sitting over in the White House, who came up with a cockamamie scheme, I thought, of having a “gold drain” budget aimed at limiting governmental expenditures overseas in such a way that they would not cause a gold drain). At any rate, nothing good ever came of it. There were some bad things that came from this period however. Up until then we had had world-wide procurement for our foreign aid program, or a large part of our aid program, and that was killed. Foreign aid expenditures overseas therefore were pretty much limited to purchases of goods from the United States. This was the origin of the U.S. “tied aid” policy, which is still with us.

Q: It also got into the military and made the “gold flow” a part of the Pentagon vocabulary.

LEDDY: As far as I can recall we never lost any gold because of Bob Roosa who is a genius at inventing international monetary devices. I don't mean that in any denigrating sense; he was the one who worked out the idea of currency swaps with various foreign central banks in which they would hold our currency and we would hold theirs so that our total reserves of foreign exchange plus gold would be increased. The fear was that the dollars piling up in foreign central banks might be presented to the United States in demand for gold of which we had a limited amount in our reserves. But we fended that off, partly through the genius of Bob Roosa.

I had considerably more to do, not entirely because of Bob's presence and his direct responsibilities, but I had a lot to do with creating the General Agreement to Borrow (GAB), an ancillary to the International Monetary Fund. The problem there was that we needed more hard currencies in the Fund. We needed more hard currencies in the Fund other than the dollar) in case we needed to borrow. We therefore opened negotiations with the Europeans for a special arrangement to provide more of their currencies to the Fund with the approval of both Douglas Dillon and of Bob Roosa. I found myself getting involved in organizing this with the Europeans and in doing so I attracted the wrath of Per Jacobsson, the Managing Director of the International Monetary Fund. Up until then I had been very friendly with him having worked with him on both the French(?) and French Stabilization Plans, and in various other ways. He would always invite me to lunch at the Hotel Meurice every time we were in Paris together. But with the GAB negotiations he thought that these were a direct attack on the Monetary Fund. I didn't realize how bitter he was. I knew he was a man of great temper. He discovered that we were having a meeting with the British, French and others at the Chateau de la Muette where the OECD headquarters were. He saw me sitting down with Dennis Rickett (the British representative) with a piece of paper in my hand going over an outline of a possible general agreement. He strolled up to us and pulled the paper out of Dennis's hand and said “I will not have any of it, I will not have any of it”. He was greatly upset and indeed so was Frank Southard, a dear old friend of mine and who was then the U.S. Executive Director of the International Monetary Fund. He was

upset too because he, like Jacobsson, felt that if we did this it would take power away from the Executive Board and the Managing Directors of the Fund.

Fortunately it did not do anything of the sort. Also fortunately we had the help and leadership of the French under a very distinguished man, Andre DeLattre who was a senior official in the French Finance Ministry and one of the select corps of Inspecteurs des Finances. He agreed in take the lead in chairing the meetings in Paris and to bring the Europeans together on what they would put in (along with our contribution of dollars) and how we would structure the new arrangements. In order to take care of Per Jacobsson's problems we spent days and days working out an agreement of relations with the International Monetary Fund which in effect folded the new arrangement into the Fund. The only new element was that the members of the General Agreement to Borrow retained control over the new monies that they supplied the Fund for relending to us (or others). In other words they had a special voice over the use of the new resources being provided to the Fund by the GAB.

Q: They were sequestered.

LEDDY: Sort of. After this was done, Per Jacobsson was totally relaxed; it was all right then. It was part of the Fund and it was source of money in case of need. Whether it has ever been of much use I honestly have forgotten, but it did serve as a beginning of regular meetings of this relatively small group, I think it was The Group of Seven. Those meetings were not necessarily in the GAB forum but were meetings of central bankers and senior treasury officials which are still going on quite apart from the Economic Summit meetings of the heads of state.

I had not realized at that time that I had become the b#te noire of Per Jacobsson. This came out later in his diaries which were published by his daughter. His daughter wrote a book on this, much from his diaries, and you will find Leddy's name throughout in flaming letters. Meanwhile he figuratively patted Dillon and Roosa on the back. They, of course,

were my superiors and obviously they approved everything that I did; yet I was the b#te noire, and I never realized that. It is not a good portrait of my relationship with Per overall but it was accurate enough at that time. So that was one thing that I did in the Treasury.

Another matter I became involved with at Treasury, strangely enough, was one that normally would not be in Treasury at all. This was the Alliance for Progress. For some time after Kennedy took office some work had been going on, I think even before Kennedy, among leading Latin American and U.S. economic experts meeting at the Organization of American States. A lot of Latin American economists came up with a number of good ideas about land reform, and similar socio-economic problems in Latin America. In other words, unlike most Latin American economists who tend to get a little wild-eyed, these people were for the first time sitting and taking a hard look at what needed to be done in Latin America. The Kennedy administration took hold of this work and fashioned it into a broad new approach to Latin America. Dick Goodwin in the White House and I in the Treasury worked together on the Alliance for Progress plan and Dillon was going to lead the way as head of the U.S. delegation that created the Alliance for Progress. For some reason which I have never quite understood neither the American Republics Bureau or the Economic Bureau in the State Department was ever very enthusiastic about this.

Q: It was because they weren't organizing it. They were a terribly parochial outfit.

LEDDY: Well, the American Republics Bureau (ARA) always has been. I know ARA pretty well, but I don't think that was it. I am not sure, I would have to ask Ed Martin (he was the main Economic Bureau representative on that delegation), how enthusiastic the E area was actually. At any rate there did not seem to me to be much enthusiasm. Otherwise you can be sure that they would not have allowed me, an Assistant Secretary of the Treasury, to pull together the agenda of the whole thing for Dillon. I drafted this outline for an Alliance for Progress in an annotated outline and we sent that around in advance to all the countries that were coming to this meeting, except for Cuba, of course. This became the basis for discussions which we had with ten countries like Brazil on the way

down. We had a fairly large delegation and I kept in close touch with Dick Goodwin all the time because Dick Goodwin had a direct line to President Kennedy. It happened on one occasion there was need for a speech by President Kennedy to be used down there. Dick drafted it. He was a superb drafter.

Q: I remember some of his speeches.

LEDDY: He liked to dwell on the American Revolution, a sense of history. At any rate on this occasion when there was need for a presidential speech, Dick drafted it, used the phone on the Air Force One type plane we were in, read it to the President, and got his approval then and there. He was a useful fellow to know.

Q: Very useful indeed. It shortens up the clearance process.

LEDDY: At any rate, I was sort of Dillon's honcho, or executive secretary or whatever you want to call it, right hand man, for the Alliance for Progress which we held at Punta del Este in Uruguay in 1961. I remember riding from Montevideo to Punta del Este with Ed Martin.

Q: Was Ed in the Economic Bureau or ARA?

LEDDY: I think he was in the Economic Bureau and I think that Bob Woodward of ARA was aboard too.

Q: That's right.

LEDDY: Grady Upton was not there. He had left Treasury for the Inter-American Development Bank by then. Grady was a Republican appointee in the first Eisenhower administration. At any rate, we had quite a troop including a lot of education people. One of the things that happened at the conference, it seemed to me in retrospect, was that some of the educationists went overboard on going along with the over-ambitious ideas of

the Latinos. I had been to many conferences with the Latinos going back even before the days of our talks with them on organizing the shortages of supplies during the Korean War.

Q: I got scars from Latinos.

LEDDY: I know you've got scars, so have I. at any rate they went overboard in setting goals which could not possibly be achieved by any means, such as eliminating illiteracy in Latin America in ten years.

Q: Nice work if you can get it.

LEDDY: Nice work if you can get it. A lot of these goals, you know, lifted peoples' hopes, sights and aspirations and after it was all in place there was a letdown.

Q: Which was totally predictable.

LEDDY: It couldn't be sustained. The parts that Dillon and I played in it were in getting the Alliance for Progress through, getting it signed, sealed and delivered. The administration of it on the part of the United States passed to other people. I think that Linc Gordon ran it for awhile, Ted Moscoso ran it, and then maybe Bill Rogers (William D. Rogers). Later, many critics thought it was a failure. I don't write it off as a failure; but it did fail to achieve all the things that it held out and hoped for.

Q: Wouldn't you say it was an identification of some of the basic problem of Latin America and an attempt to deal with them, but was too ambitious as an attempt for the capacity of the Latinos to do it?

LEDDY: That's correct. Another example of Dillon's involvement in Latin America was in the establishment of the Inter-American Development Bank which was not part of the Alliance for Progress, but without it you probably could not have moved forward.

Q: That has been a very useful structure.

John, this has been a very interesting account of your experiences as Assistant Secretary of the Treasury. When did you leave that to be Ambassador to the OECD?

LEDDY: As I recall, it was in the fall of 1962. George Ball, through his assistant George Springsteen, had asked me whether I would like to take on the job of Ambassador to the OECD which had been created.

Q: Who was your predecessor?

LEDDY: My predecessor was Jack Tuthill. And I said, “Tell George to give me a little time to talk this over with my family.” Because one of the reasons why I never joined the Foreign Service was that I didn't want to serve abroad and be moved around. I wanted to sink roots in the United States; and my wife, Louise, didn't relish a Foreign Service career life. So I remained in the Civil Service. This appointment, because it was a presidential appointment, did not involve becoming a Foreign Service officer. So she said, “It might be fun to stay in Paris for a few years” so we did. My son, Tom, who at that time was in college, remained here while we took off, I think it was in October, for Paris in 1962 where we remained until May of 1965.

An interesting sidelight on George Ball's technique on handling personnel matters, he hates to talk directly to the people involved. So he said to me when I accepted, “Would you mind going over there and telling Jack Tuthill that we want to make him Ambassador to the European Economic Community and that you will take his place?” The Ambassador to the EEC was a more significant and more powerful job than the Ambassador to the OECD, yet I thought that Jack might object. But he was quite pleased with it. He had always been mixed up with the EEC.

Q: But Paris is nicer than Brussels.

LEDDY: Yes it is. I remember at the time that I could not tell whether he was happy or unhappy, but he was a good loyal Foreign Service officer and did what he was told. So he packed his bag and went.

Louise and I lived in a hotel room, the Baltimore Hotel, with our collie dog and black cat because we could not get into the government house on the Rue Weber which we were supposed to have because it was occupied by Jimmy Riddleberger who was chairman of the DAC of the OECD. And he was replaced about the time I went over by Willard Thorp, former Assistant Secretary for Economic Affairs.

Q: You and Thorp must have had a very comfortable relationship.

LEDDY: Oh, we did, we had known each other forever. At any rate, we spent three years there. The whole idea of the OECD, in my opinion, was not to operate like the Executive Directors of the Monetary Fund, but to serve as a place where you bring together the policy-making officials from the central governments in the national capitals. In other words, a place for not only reporting but bringing together and organizing agendas and focusing policy-making people on problems. The OECD inherited a very good economic staff, which was the one good thing remaining of the old Organization for Economic Cooperation (OEEC). There were too many people in the Secretariat but it did have a first rate economic staff.

Q: I remember.

LEDDY: The OECD had developed a series of country analytical reports. We had a relatively small delegation, but they were very good people. Al Reifman and Weir Brown, and Tony Geber. I found it my job to return to the United States every once in awhile and make the rounds of the various departments and urge the top-level policy people in Washington to attend OECD meetings. I think it was through the OECD, largely due to

the good groundwork of Bob Brand, that we organized the first international meeting of agricultural ministers.

Q: That's an achievement.

LEDDY: Secretary of Agriculture Freeman stayed with us at one of these meetings. And similarly with other policy aspects. Working Party Three was very effective for a considerable period of time. Through Working Party Three of the Economic Policy Committee, we brought the Bob Roosas of the world together. And then in the Economic Policy Committee we brought together what were the equivalents of our chairman of the President's Council of Economic Advisors, Walter Heller.

So I spent a great deal of time on that and on some public speaking, not a great deal. One substantial matter that I handled was to try to settle a very bitter dispute between European shipping interests and the U.S. Maritime Commission run by Admiral Harllee. We were dealing mostly with the Scandinavian shipping people. The problem had to deal with the fact European shipping companies charged higher shipping tariffs on commodities exported from the United States to Europe than on the same commodities shipped from Europe to the U.S. Admiral Harllee complained about this discrimination, while the Europeans insisted that these differentials reflected the proper economic tariffs given the quantities and types of shipments involved.

Q: Furthermore they were all organized in shipping conferences where there was no anti-trust law.

LEDDY: This was not a terribly significant thing, but it was better to negotiate and try to settle it.

Another example of my work in Paris was the Turkish consortium with which I had had something to do in the old days when I was in the State Department working with Dillon and we organized this Turkish stabilization program and a consortium. They had gotten

into some trouble and we were very much interested in getting an increase in funds, particularly in the German contribution. Germany has always had an interest in Turkey and we felt that Germany was rich enough and should loosen up. At any rate Jim Grant came over. Jim was a senior official in the AID administration. (He is passionate about helping the developing world.) He came over and asked my help in leading a charge on the other contributors to get the money. And we got the money, so that came out successfully.

Q: I got some of the fall-out from what you were doing because I went to London in '64 as economic minister and of course I came over to see you once or twice. One of the things I remember your being engaged in was trying to keep people from overlending to Eastern Europe, the Communist countries.

LEDDY: Yes, I think we did some of that too.

Q: It is a timely thought. [This interview was done at the time when Eastern Europe was breaking from their Communist regimes in the fall winter of 1989/90.]

LEDDY: There is a problem about the excessively lenient credit terms and cut-throat competitive credit terms on export credits.

Q: This was when we were trying in the OECD to get some sort of a cease fire.

LEDDY: Harold Linder (President of the Ex-Im Bank) used to come to some meetings on the subject.

Q: So we would not be spending taxpayers' money to sell our exports.

LEDDY: I am sorry to say that at least while I was there nothing came of that exercise notwithstanding the fact that I thought that Harold Linder did a very good job and had an excellent case.

Q: Well, you don't always win.

LEDDY: At any rate, the other thing that really had nothing to do with OECD except that George Ball had another dirty job on his hands, I guess, and he said he wanted me to leave the OECD for six weeks or so and go off to Geneva and take charge of our delegation to UNCTAD. This was the first UNCTAD meeting, which was in a shambles. Griffith Johnson was acting head of the delegation in the absence of George Ball and he felt that Griff, who was Assistant Secretary of State for Economic Affairs, should not be spending all his time at this conference and that I ought to go over and take hold of it. So I did. It was something that was not alien to the OECD because all the preparations for the financial aspects of the UNCTAD meeting on the part of the United States had to come through the OECD. The fellow who led the coordination of the western countries for the OECD was Treasury's Bernard Zagorin. On the financial side, the UNCTAD meeting was going along pretty well I found when I got on the scene. In the end we were able to work out a number of very constructive resolutions which again was a very tough North-South meeting, with the developing countries demanding the world and the industrialized countries very reluctant to give them what they wanted.

This was in 1964. I spent six weeks in Geneva. In contrast to the financial resolutions, on the trade side there was absolutely no possibility for the industrialized countries to grant to developing countries most of the things they wanted. We were willing to talk about them but we could not make commitments. Also they wanted trade preferences and I again found myself in the position of becoming the b#te noire of the whole damned conference because the U.S. stood out alone against the idea of preferences. The British were always partial to preferences, we had spent years trying to get rid of them and here they were coming back again! The British proposed that all the industrialized countries should grant to all the developing countries what we now call GSP, the General System of Preferences, but limited to developing countries. Of course I was practically pilloried at the conference when I said no, as far as the U. S. was concerned, right to the end. We did not change our position at all, we did not join that conference to do that.

I remember Raul Prebisch, the Argentine who used to be the chairman of ECLA (Economic Commission for Latin America) came up to me and said, “Alright John, if you don't give in now I will bet you a dinner that U.S. policy will be changed within six months after the conference ends.”

Q: Did you cave in?

LEDDY: No, not then. It was not until long after this that I found out how we caved. I used to blame it on Tony Solomon for having persuaded George Ball to go along with this thing, for George was against preferences to start with. I finally learned that what happened was that Joe Greenwald was on a trip with Lyndon Johnson to Latin America and Johnson was casting around for something to give. So Joe said, “Why don't you agree to give them the preferences everybody else is giving them?”

Q: Good old Joe.

LEDDY: Our dear friend Joe. This is about a year ago (1989) he told me this. I said, “Joe, I never knew that, I am glad that I now have the story straight and I will not blame Tony Solomon any more or even George Ball.”

Well so much for the OECD. One of the things we tried to do in the OECD and could not was try to reduce the size of the staff, which was too large, and was doing things that really did not need to be done. We made a vain effort to get rid of the industry committees which were simply a tax-free ride for businessmen to get together under the aegis of the OECD while probably doing negotiations on the side without anyone knowing about it.

Q: And perhaps fix prices.

LEDDY: When I retired we had made almost no progress on reducing the staff, and we made little progress on rearranging the committee structure. Well, at that point, this was May 1965, I got a call from George Ball, as usual through George Springsteen, saying,

“George wants me to ask you, would you be interested in coming back and taking over the job of Assistant Secretary for European Affairs?” This was real strange. Here I had been in economic positions all my life and they want me to take over European Affairs, which is the queen of the regional bureaus. I don't think I hesitated five seconds and said, “Of course.” I was about ready to come home anyhow.

Q: This was 1965?

LEDDY: Yes. I remember Dean Rusk was in Europe. I think there was a NATO meeting or something like that and I went to see him. Louise was going back on the boat and I very much wanted to have the long weekend with her, but Rusk said, “Absolutely not. You be on board on Monday. The President might want to see you on Monday.” I got back and sat there and sat there for a week or so in case the President wanted to see me, which I was damned certain he would not—a kid from the State Department for something like this. So eventually I had a chat with the President, Lyndon Johnson, and he asked if I was on board and I said I was. We had some interesting times with Lyndon Johnson later. Then I went back to take on the job of European Affairs in May 1965. I remained Assistant Secretary until March 1969. The Nixon administration had come in 1969 and Bill Rogers, the new Secretary, asked me if I would stay on, but I had planned for several years to retire at just about that age for a very simple and personal reason. My father and grandfather both died at 55 suddenly of a heart attack with no advance warning. I thought that if Louise and I were ever to have any retirement life together I had better get out, and I did. I had no particular reason to other than the feeling that it was in my genes and it was too dangerous to keep on going this way.

Q: Bill Rogers is a nice man.

LEDDY: He is a nice man but unhappily he was not capable of dealing with a man like Henry Kissinger.

Q: Who is?

LEDDY: Nobody was. At any rate that is how I got to the Bureau of European Affairs. There were lots of interesting things to me but they are not terribly significant. However, there are two things that were of some historical interest while I was there. In 1966, in March I think, Ed Beigel, who was then following French affairs—came up to me and put on my desk a letter to the President from General de Gaulle in the General's handwriting. You can just see the General back there in Paris taking out his quill pen and writing the President of the United States. What it was a request for the United States to remove its armed forces from France as soon as possible and that France was going to cease to participate in the collective military portion of NATO, which left them participating in the political side, the NATO Council. So they were in and they were out.

So we had the thing translated. It came through channels from the French Embassy here to the State Department to be conveyed to the President. It was just put in normal diplomatic channels. So I sent it up to Dean Rusk and he sent it to the President.

Q: It moved rapidly after that.

LEDDY: It moved rapidly. Ed gave me a copy of this thing. I still have it. It is rather amusing. So this really caused a lot of stir in the dovecotes of Washington.

Q: It sure did. I remember I was in London then. It stirred a lot of dovecotes over there.

LEDDY: This required a great deal of thought and pontificating. George Ball got Dean Acheson in to do a draft reply for the President to consider. De Gaulle had been a thorn in the side of everybody for so long, including his concept of the European Community which was quite different from the one that say George Ball or Bob Schaetzel or Monnet had. So the issue of how to reply to de Gaulle had George Ball, Dean Acheson, maybe even John McCloy, considering the content and tone of the reply to de Gaulle. The line that was developing was that the President ought to reply in such a way as to stimulate antipathy in

Western Europe against de Gaulle and perhaps in France against de Gaulle and therefore it should be couched in such terms. Not that there was ever a thought that we could stay in France against de Gaulle's wishes, we could not do that. We had to say we were going. But we all marched, with this letter that Acheson had labored over and everybody had looked at, over to the President's office.

Q: It must have been an interesting experience.

LEDDY: It was a very interesting experience. We all sat down, Rusk, Acheson, George Ball, maybe McCloy, and I were there. We handed him the draft and he looked at it. “I see you have all voted on this, have you?” And he dismissed us and he took it away and he completely changed the whole tone, everything. It was the sweetest reply. “Yes, General de Gaulle, we shall do our best to leave as promptly as we possibly can. We understand etc, etc.

No attempt was made to set the French people against de Gaulle, no attempt to irritate anybody. The President was a better international politician than all his advisors put together. He instinctively knew that, if he attacked de Gaulle, this would have just made the French people more difficult to deal with, there would be resentment. You could not kick de Gaulle out by getting the rest of Europe mad at him, and you would just get the French to dig in deeper. He was right, absolutely right.

That was a very interesting experience. I remember one National Security Council meeting with the President on the subject. The President turned to the Chairman of the Joint Chiefs of Staff (I think it was Bus Wheeler), and said, “I want you to get those troops out of France by X day”, he gave him a deadline. Afterwards, the other Europeans were by no means going to keep NATO in France and they had to move the whole NATO headquarters out of Paris. Eventually they went to Brussels.

Q: That was not part of de Gaulle's requirement at the beginning, that you had to move NATO headquarters?

LEDDY: I don't think so because the letter would not have been addressed to us alone. We could not have moved the headquarters by ourselves. The Europeans took the initiative. No. His request was, “Get your forces out”, very simple. He knew that any country could make that request.

Q: It was a terrible logistic problem, lines of supply, communications etc.

LEDDY: Oh, yes. Enormous complexity. As soon as the old man's mind was on other things, the French military started to become very close to NATO; de facto, France's military position in NATO was practically what it had been before, only informal. U.S. troops were not in France, that was the only change.

Q: Because they picked up the logistical arrangements.

LEDDY: That is correct. That was one extremely interesting episode. The other, of course, was the invasion of Czechoslovakia. That happened in August of 1968. The first thing to be said about this is that Nick Katzenbach had been taken on as Under Secretary of State and he formed an Under Secretary's Committee. There was enough scurrying around in the Soviet Union - the Soviet Union had troops in Czechoslovakia, East Germany, Poland and all of these places and there was enough troop movement inside Russia that the CIA was alerted that there was a possibility that something might be brewing. Nobody knew exactly what was brewing, but Nick said that it would be wise to have a contingency plan. I was having a cup of coffee with Nick at this time and said, “I shouldn't think we should have a great big contingency plan, I know damn well what would happen if they invaded any of the eastern countries. We can decide that within two or three minutes. You wouldn't do anything.” Which was right. And he said, “I know that too, but if we have a

contingency plan and set it in motion, the President will know that we were ready, which is very important." He knew his President Johnson.

At any rate, we set up a task force. I think that George Vest, the director of RPM (Regional Political/Military Affairs) was in charge. They asked people from the various parts of the State Department, the CIA and other departments. We had about 12 or 13 telegrams about just what we would do and ready to send them NATO and other posts.

Q: You did it before it happened?

LEDDY: We had it all in cable form. I was sitting home, I think it was about 8 o'clock and I saw something on television about the invasion. The Russians did not go through the State Department, they went directly to the White House. So I hauled myself out of my chair and immediately went down to the office where in the course of the evening we had to make adjustments to the telegrams because we had not been exactly sure what was going to happen, that it turned out to be Czechoslovakia. George Vest got on the phone to Harlan Cleveland. He was our Ambassador to NATO, and of course, in his inimitable way began complaining, "Why didn't he have adequate instructions?" Hell, we couldn't have possibly moved it any faster than we did.

Before I got through that night there must have been 30 or 40 people in my office from all over the department, including Joe Sisco, who was then Assistant Secretary for IO [International Organizations]. Leonard Marks, Assistant Secretary for Public Affairs, I think dropped in, watching as we were sending the telegrams out. Then the Secretary called me and asked me up, and he had Dobrynin [the Soviet Ambassador] in there. Well we sat down and had a long session with Dobrynin. The Secretary told Dobrynin that this was just like throwing a wet fish in the President's face. At any rate he expressed very forcefully the concern of the U.S., Austria, and Yugoslavia, and finally reminded Dobrynin that we had a state interest in Berlin. He mentioned our "state interest" in Berlin, meaning that if you attack Berlin, you attack the U.S..

Q: This is Dean Rusk?

LEDDY: Yes, this is close to coming to war with us. Here is some background on why he made the “wet fish” remark. On the preceding Friday, Rusk called me into the office and said, “I would like you and your wife to come on the Sequoia for dinner on Monday”. I said we would be delighted and we went on the yacht and had a nice dinner. It was a mixed crowd, I think there was a Japanese there. It was the sort of mixed crowd in which you would not think anything could happen except that Dobrynin and his wife were there. I noticed that at one point during the thing Rusk and Dobrynin were on the back deck all alone. Then when we got into port everybody disappeared, Rusk said “I want you to draft a cable ready to go because we may very well make a public announcement in the next few days that the President is going to visit Brezhnev in the Soviet Union. You know there had been a meeting between Kosygin and Johnson up in Glassboro, New Jersey, and this was to be a return visit. I said to Rusk, “What will you do about security in Moscow? I suppose you can use that bubble room in the Embassy for our delegation”. Rusk said, “Well we are thinking of taking a Navy ship to Leningrad”. So I went back and drafted the necessary cables about the visit but did not send them. I think we sent a message, “Be alert for a message of a certain kind” but we did not tell them the nature of it. To have people ready to receive an important message, which of course had everyone wondering what the hell it was all about.

Then bingo, comes the invasion at 11 in the night (Czech time), I think it was. My recollection was that it was August the 21st but I am not sure about that.

Q: You had sent this telegram on Monday night?

LEDDY: No, I did not send that on Monday night.

Q: You were on the Sequoia on Monday.

LEDDY: One of the funny incidents about this whole story—Dobrynin called me up the next morning after the invasion and after this dressing down he had gotten from Dean Rusk. “Do I understand this, that the public press release that we worked out is not going to be released?” This was the one announcing the meeting between Brezhnev and the President. I said, “You can certainly take that for granted, it is absolutely out, O-U-T, and you can tell Moscow that”. He said, “All right John, thanks very much”.

Q: This was the day after the invasion started?

LEDDY: Yes, he just wanted to be safe, he must have known. He was a brilliant guy. He just wanted to check and I said, “You don't have to check any further, you can just wipe it out, forget it.” So that shows you how contingent this contingency was. We really did not know.

Q: Let me just make a comment here. This is a fascinating account of a summit meeting that was supposed to happen that didn't. This is a marvelous example of how to do business with the Russians and how the Russians do business with other people. Obviously working at one point to make a deal for a summit meeting which would have been the first time Johnson would have visited Russia (the only time he would have visited Russia) and at the same time getting ready to invade Czechoslovakia, thinking that their sphere of influence was sufficiently recognized by us that we would not even flicker an eyelash. This is incredible.

LEDDY: Soviet troops were already there in enormous numbers.

Q: We were not going to do anything about it, but the idea that we would shake hands the very next day was never really on. Of course the Russians close their accounts every day anyway.

LEDDY: In some respects this is a little like the Tiananmen Square thing [Beijing, China, Spring of 1989] and the president sending over Brent Scowcroft and Eagleburger so soon

after the putting down of the students in Tiananmen Square. I don't think it was really defensible.

Q: I think that the second trip, made public after the Malta meeting, could have been rationalized a bit, but after all, Bush has in Beijing the guy who was his CIA man in Beijing and who is a very competent and able guy and all he had to do was send him a telegram and say, "Go over and tell the boys this". And then say I have informed them.

LEDDY: On Lyndon Johnson and how little J. Leddy knew about Lyndon Johnson and his sensitivity about the press. This had to do with the U.S.-USSR cultural negotiations shortly after I took office in EUR. We had a periodic renewal of these cultural exchanges with the Soviet Union and they sent one of their ministers over to negotiate and I was the chairman of the U.S. delegation. Of course we had our text ready and we were well prepared. We had a first class team in EUR on cultural exchanges. I think that Ambassador Jake Beam started these things years ago. At any rate, Francis Bator at the White House before the negotiations began, called me and he said, "You ought to know that Lyndon Johnson was mad as hell at the Russians on something they did on the previous exchanges. They called off a trip to the Soviet Union that Mary Martin was about to take. They called it off with practically no notice and the President was incensed that she had been treated in this way. Mary Martin was from Texas and apparently a very good friend of Lyndon Johnson and he wanted to be sure that this new agreement was drafted in such a way that this sort of thing would not happen again without immediate retaliation on our part. We have to have the right to cancel if they do.

Q: This is no problem with somebody who has been dealing with Russians most of his life. Obviously we are going to have that in there.

LEDDY: Of course. Before the negotiations I sent a memo over to the White House, I outlined what kind of thing we were going to have in there and I thought all of that was taken care of. We spent a solid week meeting every day with the Russians, and they

stonewalled and stonewalled granting only a few little odds and ends of verbal changes. I took care of this reciprocity thing by inserting a word “correspondingly” in order to link any cancellations of exchanges with the other. All of which was approved by all the people on the staff, including the lawyers. And so I thought it was done and was OK. They were stonewalling on everything and then on the last day, suddenly they decided to get to work and from then on it went perfectly smoothly. On Sunday they said, “We are ready to sign up, and we would like to have the signing on Tuesday because the minister is leaving that day for Moscow.” So, one of our people asked me, “Can we tell the press to stand by for a possible signing on Tuesday?” I did not think that telling the press to stand by was tantamount to announcing it in the paper and furthermore I did not realize how sensitive Lyndon Johnson was about anything appearing in the newspaper about him that he did not know about in advance.

Q: I read about that later.

LEDDY: I did not know this and I was sure that this was a satisfactory agreement, but of course we had to send it to the White House, which we did, that very day, a Sunday. They had Monday and Tuesday, and on Tuesday Rusk and I had lunch with the Soviet Ambassador plus the delegation for the cultural exchange thing and in the middle of the lunch Rusk was called to the phone. He came back and said, “Califano (White House councel) wants to see you right away, John.” So I went down to Califano's office and he asked if the text adequately protects us. I pointed out the language to him. Califano is a lawyer. I said that, “This word 'correspondingly' was designed to get that very, very point, and should do the trick.” He said, “You're not a lawyer, are you?” I said no. He said, “I want a legal opinion,” and so we sent a flock of lawyers over, a team of four, I think, who persuaded Califano that this was perfectly all right. That if they cancel an exchange visit of ours (as they had with Mary Martin) we can automatically cancel one of theirs.

So, then apparently Califano relayed that to the President. I think that, as the Soviet minister had to leave, somebody else and I signed the agreement later after the White

House had cleared it. But that was not the end of the matter. One day I was over at the White House with Dean Rusk and the President. The President said, “Do I have to call the Secretary of State to make my wishes known to the people of the State Department every time I want something?” I replied, “No sir.” I added that I was very sorry the press notice had leaked, that it was my fault, that I took full responsibility and that it would not happen again. He relaxed after that. I think he forgave me in his heart, and I never got in the category of some people who got on his down-side. The stories they tell me about him. He had one fellow there he took a dislike to and would not fire him but every time he saw him he would mispronounce his name. He would deliberately pronounce it something else. He never did that to me.

Q: He had a variety of very subtle ways.

LEDDY: He was quite a man. He was a domineering man but in many ways he had elements of greatness about him.

Q: While we have a little bit of tape I will tell you my story which is very short. I went over when [Lester] Pearson came over, he had just taken over as Prime Minister of Canada and I went over with George Ball and Walt Butterworth (U.S. Ambassador to Canada). Before I went I read all the newspapers. There was an article in the Baltimore Sun, datelined Ottawa, which said Pearson was coming over from Paris and was going to mediate between Johnson and de Gaulle. I said to myself that that is not going to wash very well. Fortunately I told Ball and Butterworth that I had read this in the Baltimore Sun and before we went I called my friend Basil Robinson, the minister at the Canadian Embassy. And I said, “Have you seen this?” and he hadn't. So I read it to him, and he said, “That's balls! You know perfectly well it is.” I said I knew. So we went over to the White House. The first thing the President did (he would not let George Ball get the first sentence out of his mouth about Lester Pearson), was to say, “There is an article in the paper this morning.” He pushed a button and a little man came in and read the article. “It says right there,” says Johnson, “official sources in Ottawa say that he is coming over here

to mediate." George Ball said, "Now Mr. President, it is not so. Bill here has checked that with the Canadians." So we tried to get around to some substantive briefing, but we never got off that subject the whole half hour we were there. When we left Johnson shook my hand and broke four bones in it and shook his finger in front of my nose and said, "You tell them that we do not hold with things like that." Before that Ball had said, "The Canadians are going to issue a press release, aren't they Bill?" I thought that they don't know this yet, but they are. I got back to the office and called up Basil and I said I had just been to the ranch and if you want this visit to work you put out a press release that says this. He got a hold of the Prime Minister's office and he and the Prime Minister's guy wrote the press release and he read it back to me. I sent a copy over to the White House and had it there by three o'clock. The meeting went fine.

Thank you very much John. I am Willis Armstrong and I am doing this for the Foreign Affairs Oral History Program.

End of interview